

INTERSTATE INSURANCE
PRODUCT REGULATION COMMISSION



States, Strength & Speed Aligned

**JOINT TELECONFERENCE MEETING OF
THE MANAGEMENT COMMITTEE AND THE
INTERSTATE INSURANCE PRODUCT REGULATION COMMISSION**

Monday, May 14, 2012

1:30 pm ET / 12 :30 pm CT / 11 :30 am MT / 10 :30 am PT

1. Roll Call
2. [Report of the Communications Committee and Consideration by the Management Committee to Approve the Report of the Communications Committee](#)
3. [Report of the Finance Committee and Consideration by the Management Committee to Approve the Report of the Finance Committee](#)
4. [Report of the Product Standards Committee and Consideration by the Management Committee to Approve the Report of the Product Standards Committee](#)
5. [Report of the Rulemaking Committee and Consideration by the Management Committee to Approve the Report of the Rulemaking Committee](#)
6. [Update on Illinois' Request for 120-day Stay of the Effectiveness of Additional Standards for Market Value Adjustment Feature Provided Through a Separate Account](#)
7. [Management Committee Consideration of Approval of Meeting Minutes of the March 2 Joint Meeting of the Management Committee and Commission](#)
8. [Commission Consideration of Adoption of Meeting Minutes of the March 2 Joint Meeting of the Management Committee and Commission](#)
9. [Operational Update](#)
10. Any Other Matters
11. Adjourn

**Minutes of the Joint Meeting of the Management Committee and the Interstate Insurance
Product Regulation Commission
Monday, May 14, 2012**

Members of the Commission and Department Staff in Attendance:

Commissioner Roger Sevigny, Chair, New Hampshire
David Hippen, as a designated representative for Director John Huff, Vice Chair, Missouri
Peter Camacci, as a designated representative for Commissioner Michael Consedine, Treasurer,
Pennsylvania
Robert Turner, as a designated representative for Commissioner Jim Ridling, Alabama
Director Linda S. Hall, Alaska
Tom Abel, as a designated representative for Commissioner Jim Riesberg, Colorado
Marcy Im, Hawaii
Donna Daniel, as a designated representative for Commissioner William W. Deal, Idaho
Cindy Colonius, as a designated representative for Director Andrew Boron, Illinois
Mihir Nag, as a designated representative for Commissioner Stephen Robertson, Indiana
Debbie Stamper, as a designated representative for Commissioner Sharon P. Clark, Kentucky
Commissioner Jim Donelon, Louisiana
Barry Ward, Louisiana
Thomas Record, as a designated representative for Superintendent Eric Cioppa, Maine
Commissioner Therese Goldsmith, Maryland
Commissioner Joe Murphy, Massachusetts
Ed Charbonnier, Massachusetts
Brian Pennington, as a designated representative for Commissioner Mike Rothman, Minnesota
Aaron Sisk, as a designated representative for Commissioner Mike Chaney, Mississippi
Ryan Blakeney, Mississippi
Director Bruce Ramage, Nebraska
John Rink, Nebraska
Michael Wilke, New Hampshire
Felix Schirripa, as a designated representative for Acting Commissioner Kenneth Kobylowski, New
Jersey
Ted Hamby, as a designated representative for Commissioner Wayne Goodwin, North Carolina
Peter Weber, as a designated representative for Director Mary Taylor, Ohio
Denise Engle, as a designated representative for Commissioner John Doak, Oklahoma
Susan Dobbins, Oklahoma
Vernita Pavel, Oklahoma
Administrator Lou Savage, Oregon
Ruben Gely, as a designated representative for Commissioner Ramon Cruz-Colon, Puerto Rico
Beth Dwyer, as a designated representative for Superintendent Joseph Torti III, Rhode Island
Andrew Dvorine, as a designated representative for Acting Director Gwendolyn Fuller McGriff, South
Carolina
Commissioner Julie Mix McPeak, Tennessee
Chlora Lindley-Myers, Tennessee
Sara Waitt, as a designated proxy for Commissioner Eleanor Kitzman, Texas
John Carter, Texas
Commissioner Neal Gooch, Utah
Betsy Jerome, Utah
Don Beatty, as a designated representative for Commissioner Jacqueline Cunningham, Virginia
Alan Hudina, as a designated representative for Commissioner Mike Kreidler, Washington
Commissioner Michael D. Riley, West Virginia
Tonya Gillespie, West Virginia

Sue Ezalarab, as a designated representative for Commissioner Ted Nickel, Wisconsin
Peter Greff, as a designated representative for Commissioner Tom Hirsig, Wyoming

Members of the Legislative Committee in attendance:

Susan Nolan, National Conference of Insurance Legislators
Representative Greg Wren, Alabama

Members of the Consumer Advisory Committee in attendance:

Sonja Larkin-Thorne, NAIC Consumer Liaison representative

Members of the Industry Advisory Committee in attendance:

Bill Anderson, National Association of Insurance and Financial Advisors (NAIFA)
Tom English, New York Life
Mary Keim, State Farm Insurance Companies
Miriam Krol, American Council of Life Insurers (ACLI)
Marie Roche, John Hancock Life Insurance Company (U.S.A.)

IIPRC staff in attendance:

Karen Schutter, Executive Director
Sara Dubsy, Operations Manager
Alice Fontaine, Actuarial Consultant
MacKenzie Heidelmark, Administrative Coordinator
Aimee Lawson, Administrative Assistant
David Morris, Product Review Consultant
Maureen Perry, Product Review Consultant
Charlie Rapacciuolo, Product Review Consultant

Several interested regulators and parties were also in attendance

Commissioner Sevigny called to order the Joint Meeting of the Management Committee and the Interstate Insurance Product Regulation Commission. Ms. Schutter took the roll call of the Management Committee, Commission, members of the Legislative Committee, members of the Industry Advisory Committee, members of the Consumer Advisory Committee, and other Interested Parties.

The first four agenda items were reports from the Committees to receive updates on their current activities. Commissioner Sevigny noted that as there were no recommendations from the Committees one Management Committee motion would be taken to accept the reports after all reports have been made.

Commissioner Sevigny asked Commissioner Murphy to make the report of the Finance Committee. Commissioner Murphy noted that the Finance Committee held a conference call in April to receive a report from the IIPRC Office on financial activities and an update on the filing fee restructuring analysis. Through April, the IIPRC's actual revenue has met its restated revenue budget, and is experiencing a sustained increase in filing volumes and registration. Compared to last year, the IIPRC has seen an 80% increase in filing volumes and a 25% increase in registrations. The IIPRC is also keeping its expenses even with its restated expense budget. Commissioner Murphy explained that the IIPRC Office, working with the NAIC Finance Division, is evaluating its current filing fee structure which must be restructured in order to achieve self-sufficiency and accommodate operational growth. The IIPRC Office is currently developing and analyzing long-term fee scenarios and seeking feedback from its Focus Groups as well as the Industry Advisory Committee and filing companies. Commissioner Murphy noted that the IIPRC's

goal is to make a fee restructuring recommendation in conjunction with the 2012 budget recommendation by this Fall. Commissioner Murphy then concluded the Report of the Finance Committee and there were no questions or comments.

Commissioner Sevigny proceeded to the next item on the agenda and asked Ms. Ezalarab to present the Report of the Product Standards Committee. Ms. Ezalarab presented a brief report, as there were no standards ready for final recommendation to the Management Committee. The Product Standards Committee has continued its work on an important landmark for the Commission; the first set of group insurance uniform standards. The Committee has been reviewing the term life insurance policy of certificate standards for employer group, and plans to finish the policy and certificate uniform standards within the next month, then make the recommendation to the Management Committee. The Product Standards Committee has already held three public hearings to receive comments on the group uniform standards, and the Committee plans on having one more in June. All member states are encouraged to review these uniform standards before they are recommended to the Management Committee so that any comments may be addressed as soon as possible. The group uniform standards address several new questions for the Commission, such as conversion rights and discretionary clauses. After the policy and certificate uniform standards are completed in the next month, the Committee will move onto the uniform standards for the employer application form, change form, enrollment form, and several riders. In addition to the work the Committee is doing on the groups uniform standards, they occasionally assist the IIPRC staff with questions of clarification and interpretation on existing Uniform Standards when they are reviewing filings. Ms. Ezalarab then concluded her report, and there were no questions or comments.

Commissioner Sevigny asked Mr. Beatty to provide the report of the Rulemaking Committee. Mr. Beatty reported that the Rulemaking Committee has not convened since the last Commission meeting. In July, the Rulemaking Committee will commence its five-year review process of all rules and operating procedures adopted before December 31, 2007. As you may recall, the Commission adopted the five-year review procedures recommended by the Rulemaking Committee. On July 1, the Rulemaking Committee will be publishing for notice and comment the nine of the fourteen adopted rules undergoing the five-year review this year. The Rulemaking Committee expects to review comments received pursuant to the notice as well as feedback from the IIPRC Office and make its report and recommendation to the Management Committee this Fall. The Rulemaking Committee will also be convening a subgroup in the next few months to begin work on its last item of the work agenda it adopted last year. The subgroup will explore the possibility of developing a process to permit the Commission to handle the review and disapproval of products with features of components not currently included within the Uniform Standards. The subgroup will bring its findings and recommendations to the full Rulemaking Committee for further consideration. Mr. Beatty concluded the Report of the Rulemaking Committee and there were no questions.

Commissioner Sevigny asked Mr. Sisk to provide the report of the Communications Committee. Mr. Sisk reported that the Communications Committee has not convened since the last Commission meeting, but plans to meet in the coming weeks to discuss the feedback of the Focus Groups as well as other outreach activities. Since early March, the IIPRC Office has held bi-weekly calls of its Focus Groups – two groups of approximately 20 company representatives and a consumer representative. The Focus Groups have discussed many topics including general company and industry perceptions of the IIPRC; the Compact filing process; mix and match; Uniform Standards and the website. The IIPRC Office is working with the Focus Groups on a summary report of their feedback and suggestions which the Communications Committee will consider and bring forth its recommendations to the Management Committee this summer. Mr. Sisk highlighted that the IIPRC has presented at several conferences this Spring including: the Intercompany Long-Term Care Conference; the National Association of Life Companies Spring Meeting; the LIMRA/LOMA Life Conference; NAIC's E-Reg Conference; and several AICP Chapter meetings. Mr. Sisk noted that the IIPRC Office will be offering a series of webinars over the next several

weeks including webinars for market regulators, consumer representatives and Compact filers. Mr. Sisk then concluded the Report of the Communications Committee and there were no questions.

Commissioner Sevigny asked for a motion from a member of the Management Committee to accept the Reports of the Communications, Finance, Product Standards and Rulemaking Committees. Mr. Hippen made a motion, while Mr. Sisk seconded. A voice vote was then taken, and as there was no opposition, the measure passed unanimously.

Commissioner Sevigny moved to the next agenda item, the consideration of the written request from the Illinois Department of Insurance for a 120-day extension of its Stay of the Effectiveness of one Uniform Standard that is titled “Additional Standards for Market Value Adjustment through the Separate Accounts”. Illinois has indicated that it does not permit these types of products but has legislation pending in its legislature this session to give the Commissioner discretionary authority to accept these products. Illinois has indicated if this legislation is enacted, it will be able to lift its stay of the one remaining Uniform Standard. Commissioner Sevigny asked Illinois if they had anything to add. Ms. Colonius mentioned that the bill is in the rules committee and has been since March. In the event that it does not go through, there is a veto session in November, and if that doesn’t happen, the next step will be to follow rulemaking procedures to opt out of the Uniform Standard. Commissioner Sevigny explained that because of the timing of this meeting, Illinois’ last stay has technically expired and they submitted this request to the Commission prior to the expiration. Similar to the way this has been handled in the past, Commissioner Sevigny asked for a motion from a member of the Commission to grant Illinois’ Request for a 120-day Extension of its Stay of certain individual life and annuity Uniform Standards in Illinois retroactive to April 30th. Mr. Schirripa made a motion to approve, and Commissioner Donelon seconded. Commissioner Sevigny then took a voice vote, and the measure passed unanimously.

Commissioner Sevigny then moved to the Management Committee’s approval of the meeting minutes from the March 2nd joint meeting of the Management Committee and Commission. Commissioner Sevigny asked for a motion from the Management Committee to approve the minutes. Mr. Hippen made a motion and Mr. Weber seconded. Commissioner Sevigny then asked if there were any changes to the minutes. Ms. Schutter noted that Mr. Beatty made some technical changes to the minutes, and they would be incorporated into the motion. A voice vote was then taken, and the motion passed unanimously. Commissioner Sevigny then asked for a Commission motion to adopt the March 2nd minutes as were approved by the Management Committee. Mr. Beatty made a motion and Mr. Schirripa seconded the motion. A voice vote was taken of the Commission, and the motion passed unanimously.

Commissioner Sevigny asked Ms. Schutter to provide an operational update. Ms. Schutter noted a schedule change for the joint meeting of the Management Committee and Commission in Atlanta on Friday August 10th; the meeting will now begin at 12:00pm and last for 90 minutes, because the IIPRC plans to hold a public hearing on the group life uniform standards. As previously indicated, the IIPRC is doing very well on registrations and product filings. Through today, there are 136 registrations, as compared to a total of 132 registrations in all of 2011. Of the 132 companies that registered last year, 90% of those companies have already registered for this year. Ms. Schutter noted that 223 product filings have been submitted for review year-to-date compared to the 118 product filings that were submitted at this time last year. The current average review time is just under 25 days. Ms. Schutter also reported that at the end of June, the IIPRC office will release a notice and will be working with the Product Standards Committee seeking initial comments, feedback and suggestive language on the group annuity uniform standards. Members and non-Compacting state regulators, interested parties, legislators, and consumers are encouraged to provide feedback so they may be incorporated into the initial draft of the uniform standards. This is the first time the IIPRC will be transitioning away from the NAIC and the National Standards Working Group initial development of the uniform standards. There were no questions or comments for Ms. Schutter.

Commissioner Sevigny noted that Ms. Schutter's employment agreement as Executive Director of the Commission is coming up for review as the initial three-year term nears conclusion. The IIPRC Bylaws provide for the Management Committee to establish the terms of the Executive Director's employment, with the approval of the full Commission. The Officers propose to complete the review and renegotiation process on behalf of the Management Committee and then present to the full Commission the proposed terms for approval via electronic vote in the coming weeks. The Bylaws permit the Commission to take action via electronic vote in lieu of a meeting and to take action on personnel matters in executive session. Commissioner Sevigny asked if there were any objections to the Management Committee delegating this task to the Officers, with a subsequent electronic vote of the Commission on the proposed terms of an extended agreement. Seeing no opposition, the Officers will carry out this task with the assistance of the NAIC Human Resources Department and come back to the members with a recommendation for consideration. Commissioner Sevigny noted if there are any questions from the members to please contact any of the Officers directly.

Commissioner Sevigny asked if there were any other matters. Commissioner Sevigny then asked for a motion to adjourn. Mr. Hippen made a motion and Mr. Beatty seconded and the meeting was adjourned.